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S E C R E T SECTION 01 OF 03 DHAKA 000614

SIPDIS

DEPT FOR SCA/FO AND SCA/INSB

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SUBJECT: PRIME MINISTER PRAISES PRESIDENT'S CAIRO SPEECH
AND DISCUSSES BILATERAL RELATIONS WITH A/S BLAKE

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b) and (d)

SUMMARY
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¶1. (C) Prime Minister Sheikh Hasina told visiting SCA A/S Blake she was very pleased with President Obama's Cairo address, in particular his reference to Bangladesh, and expressed the hope that the President and Secretary Clinton would visit Dhaka. The Prime Minister outlined her plans to combat extremism, including through reforming madrassa education and improving regional cooperation. A/S Blake expressed support for the opportunities to further develop U.S.-Bangladesh relations but cautioned the Prime Minister on the need to ensure respect for human rights if we can expand security cooperation. The Prime Minister outlined her economic and development priorities and accepted A/S Blake's message about the need to improve the country's investment climate. Notably, the Prime Minister told A/S Blake she had decided to scuttle attempts to force foreign owned shipping agents to take on local partners.

Prime Minister Welcomes President Obama's Cairo Speech
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¶2. (C) During a June 14 meeting at her official residence, Prime Minister Sheikh Hasina told visiting SCA Assistant Secretary Blake that she welcomed President Obama's Cairo Speech. Hasina said she greatly appreciated the President's reference to Bangladesh in his address. The Prime Minister said she hoped that the President and Secretary Clinton would both be able to visit Bangladesh to see for themselves the progress that had been made in areas such as women's empowerment. Noting the strength of the bilateral relationship, Hasina expressed deep appreciation for U.S. support for Bangladesh's democratic transition. She and her advisors also thanked A/S Blake for the U.S. decision to stand by her government during the February Bangladesh Rifles mutiny. A/S Blake agreed the December elections had been a milestone for Bangladesh and stressed the USG's interest in expanding the bilateral relationship, including through increased cooperation on issues like global climate change and food security. A/S Blake also noted our interest in following up on the issues highlighted during the President's speech.

Madrassa Reform Efforts Underway
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¶3. (C) The Prime Minister acknowledged madrassas were filling a niche in Bangladesh's education system but said there was widespread agreement these schools were not meeting the needs of their students. The qawmi (unregistered) madrassas were also deeply factionalized, which inhibited

efforts to institute reforms. To address this, the Prime Minister had invited over 70 qawmi madrassa representatives to a meeting. She said these representatives had admitted that their curriculum had to be updated to provide students with the skills needed to succeed in the workforce. The Prime Minister had asked the four different qawmi madrassa education boards to form a commission to come up with recommendations for change. The Awami League's religious affairs secretary and one of the Prime Minister's advisors would provide support to this commission to help them reach a consensus. The Prime Minister said she had agreed to the madrassa representatives' request to establish an Arabic University, which she said would also teach other subjects. As a condition for assistance, the madrassas had agreed to cooperate with the government in identifying and eliminating extremists in their midst. The Prime Minister said the GOB would also take a close look at outside funding for madrassas. A/S Blake expressed support for these efforts, noting their potential for duplication in other regions to undercut extremist recruiting.

Prime Minister: Threat from Extremists; Zero Tolerance

14. (C) According to Hasina and her aides, as a result of her strong stand against terrorism, she and her family had become targets for the extremist groups. In particular, the Prime Minister noted that she had recently received information about a plot targeting her son Sajeeb Wazed, who resided in the U.S. (Note: We are following up with the Prime Minister's staff regarding specifics). A/S Blake stressed the importance of cooperation against domestic and

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transnational terrorist groups, including Lashkar e Tayyba. The Prime Minister insisted that Bangladesh's territory would not be used for terrorism and repeated her commitment to fighting extremism. She and her advisors requested continued USG assistance in fighting terrorism.

Prospects for Improved Indo-Bangladesh Relations

15. (C) A/S Blake noted India's desire for improved relations with Bangladesh and commitment to resolving outstanding issues. Hasina welcomed this attitude and said the two governments were working to resolve their outstanding maritime boundary dispute. Hasina told A/S Blake that India had agreed that Bangladesh could award gas exploration rights to international oil companies seeking to operate in the Bay of Bengal. As a result, three blocks would soon be awarded, including two to U.S. company Conoco-Phillips. Hasina termed poverty as a common enemy for all in the region and said she wanted friendly relations with Bangladesh's neighbors. Hasina noted that she had reversed the decision of the last BNP-led government and had agreed to participate in the proposed trans-Asian highway project.

Information Exchange To Combat Terrorism

16. (S) The Prime Minister agreed with A/S Blake's view of the importance of greater regional counter terrorism cooperation, beginning with better information sharing. Hasina recalled her proposal for the establishment of a South Asia Regional Task Force to fight terrorism. Although India had objected to Pakistan's participation in such a Task Force, bilateral cooperation was underway. One result had been the recent arrest of Daud Merchant, a member of the Daud Ibrahim criminal organization, and other associates in Bangladesh. (Note: Hasina said the individuals arrested had been able to obtain Bangladeshi passports. The loophole that allowed this to take place had since been closed).

Importance of Human Rights

¶7. (C) While praising the success of Bangladeshi law enforcement in arresting terrorist suspects, A/S Blake underscored the importance of ensuring respect for human rights. A/S Blake cautioned the Prime Minister about the need to put an end to extra-judicial killings and deaths in custody. The Prime Minister agreed, noting the need to improve procedures. In this regard, she welcomed the recent deployment of two U.S. Marshals on a DOJ/ICITAP program to improve the Rapid Action Battalion's internal accountability procedures. A/S Blake stressed the need for credible investigations of any alleged human rights abuse. The Prime Minister and her advisors reiterated their commitment to professionalizing the police and ending abuses, even as the GOB addressed growing law and order concerns. The Prime Minister also welcomed USG efforts to help improve civil-military relations in Bangladesh.

Budget Focuses on Social Service Delivery =====

¶8. (SBU) The Prime Minister outlined for A/S Blake her government's priorities in the social sectors, including improvements in service delivery. The recently announced budget focused on poverty alleviation and food security. The Prime Minister saw improved education and health care as important components of her government's development strategy. At the same time, the Prime Minister agreed on the need to diversify Bangladesh's exports, even as she requested USG assistance in obtaining passage of legislation to give Bangladesh garment exports duty free, quota free access to the U.S. The Prime Minister said her government was also focused on the need to adapt to face the challenges of global climate change, including by making the country more resilient in the face of natural disasters. She focused on the need to rebuild embankments and cyclone shelters, dredge rivers, and reforest the coastal buffer zones in order to limit the damage caused by frequent storms. At the same time, Bangladesh would promote use of renewable energy.

Hasina Promises to Block Changes to Foreign Shipping Agents =====

¶9. (C) A/S Blake emphasized the importance of a good

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investment climate and predictability. He noted that recent actions against foreign shipping agents sent negative signals to investors. The Prime Minister said she had studied the issue of foreign ownership of shipping companies following several discussions with the Ambassador. The PM had determined that the current situation was the result of decisions by local owners to sell their shares to foreign investors. The PM said there would be changes in the law to allow the foreign owners to continue to operate without local partners. In the future, new companies could be set up as joint ventures, but existing firms would be allowed to continue to operate as they do at present. The Ambassador thanked the Prime Minister for her decision on this matter. (Note: USG Advocacy played a role in turning the tide on this issue.)

Pledges on Decentralization =====

¶10. (C) The Prime Minister said her government was committed to decentralization, but she cautioned it would take time to implement necessary changes. First, the GOB would establish different tiers of local government, at the Union, Upazila (county) and District Levels and would then distribute power among these levels. The Prime Minister said she wanted to decentralize service delivery, particularly in the health sector, by constructing local health centers. She acknowledged the ongoing struggle between Members of Parliament and locally elected officials, but predicted these would be resolved over time.

Comment
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11. (C) A/S Blake's meeting with the Prime Minister capped a very successful two-day introductory visit to Bangladesh. The Prime Minister and her colleagues expressed appreciation for A/S Blake's decision to visit Bangladesh so soon after assuming his new position. President Obama's Cairo speech provided an excellent backdrop to the visit and a springboard for discussions of how to expand upon our already solid bilateral relationship. We look forward to following up on A/S Blake's visit and looking for ways to build new partnerships on issues like climate change, clean energy, food security, and women's empowerment, even as we consolidate gains in democracy, development, and denial of space to terrorism.
MORIARTY